

T-917

Background of Mr. [unclear]

BACKGROUND AND FUNCTIONS
FISCAL SERVICE
BUREAU OF THE PUBLIC DEBT

BACKGROUND

To administer the public debt of the United States, the Congress provided, in the Act of August 4, 1790, for a loan commissioner in each of the states; the Act of March 3, 1817, transferred the duties and records of the loan commissioners to the Bank of the United States; and the Act of April 11, 1836, transferred such duties and records to the Secretary of the Treasury at a time when the interest-bearing debt had all been discharged. Certain of the records and functions concerned with the debt were assigned to the Register of the Treasury, established by the Act of September 2, 1789, as the bookkeeping officer of the Department, who performed the same duties as the loan commissioners in connection with securities issued, serviced and retired at the Treasury.

By the Act of July 17, 1861, Congress for the first time vested authority in the Secretary of the Treasury to borrow money on the credit of the United States through the issuance of United States securities. An organization set up in the Office of the Secretary to perform certain administrative debt management functions ultimately became the Division of Loans, which was made statutory by the Act of March 3, 1875, and was consolidated with the Division of Currency of the Secretary's Office by the Act of August 15, 1876. The resulting Division of Loans and Currency and the Register of the Treasury continued to divide the administrative debt management functions of the Department, although from time to time there was some shifting of responsibilities between the two in an effort to eliminate duplicative activities.

To provide the necessary direction of the expanded public debt activities arising out of World War I financing, a Commissioner of the Public Debt was appointed by the Secretary of the Treasury on November 11, 1919, and, under the direction of the Assistant Secretary for fiscal matters, placed in general charge of public debt transactions conducted by the Division of Loans and Currency and the Office of the Register of the Treasury. A Division of Accounts, later renamed the Division of Public Debt Accounts and Audit, was established on January 6, 1920. The Public Debt Service was created by order approved by the Secretary on August 24, 1921.

December 5, 1960

Bureau of Public Debt
"Public Debt - History/Functions" file
D-120 series (History files)

Fiscal Service
Bureau of the Public Debt

-2-

The present Bureau of the Public Debt was established by the President's Reorganization Plan No. III, Section 1 (4), dated April 2, 1940. This Plan was made effective on June 30, 1940, by Section 4 of the Joint Resolution (Public Resolution No. 75), dated June 4, 1940. Under the Reorganization Plan, the Office of the Commissioner, the Division of Loans and Currency, the Office of the Register of the Treasury, the Division of Public Debt Accounts and Audit, the Division of Savings Bonds and the Division of Paper Custody and their functions were consolidated into the Bureau of the Public Debt, to be headed by the Commissioner of the Public Debt. The Plan, as implemented by Department Circular No. 244, made the Bureau a part of the Fiscal Service, under the direction of the Fiscal Assistant Secretary.

Public Debt Memorandum No. 69, dated May 5, 1942, approved by the Under Secretary, established a Chicago Office as a decentralized Departmental activity to handle matters pertaining to savings bonds and stamps after their issue to the public.

Further decentralization of savings bond activities took place in 1946 with the establishment of five regional offices of the Register of the Treasury to audit retired savings bonds. The present Cincinnati Savings Bond Audit Branch of the Division of Retired Securities is the only one of these offices remaining in operation.

Under the authority of Reorganization Plan No. 26 of 1950, which vested all functions of the Treasury Department in the Secretary of the Treasury (with certain exceptions not pertinent here) the following transfers of functions have been made by order of the Secretary: (1) the functions of the Division of Paper Custody to the Bureau of Engraving and Printing by Order No. 121, dated July 31, 1950; (2) the functions of the Division of Savings Bonds to the United States Savings Bonds Division of the Secretary's Office by Order No. 142, dated November 30, 1951; and (3) the functions of the Register of the Treasury and the Office of the Register to the Commissioner of the Public Debt by Order No. 177-10, dated May 9, 1956. By Public Debt Memorandum No. 239, dated May 15, 1956, the Commissioner, in turn, delegated the latter functions to two newly established divisions, a Division of Retired Securities in Washington and a Division of Retired Savings Bonds in Chicago.

December 5, 1960

Fiscal Service
Bureau of the Public Debt

-3-

On May 23, 1957, the Acting Secretary of the Treasury approved the establishment of an office in Parkersburg, West Virginia, to process the punch card savings bond, using electronic data processing equipment and techniques to audit and classify issue and retirement transactions and establish records of ownership and transactions on magnetic tape.

FUNCTIONS

The Bureau of the Public Debt, under the direction of the Commissioner of the Public Debt, is responsible for the performance of administrative functions arising from the Treasury's debt management activities. In carrying out these functions, which relate to transactions in the security issues of the United States and those of the former governments of Puerto Rico and the Philippine Islands and of the Government-owned corporations for which the Treasury Department acts as agent, the Bureau:

- (1) Prepares the necessary documents, including offering circulars and instructions, relating to each offering of public debt securities and directs the handling of subscriptions and allotments;
- (2) Formulates regulations governing transactions in securities and conducts, or directs the conduct of, such transactions;
- (3) Supervises all of the public debt activities of the Federal Reserve Banks and Branches, as fiscal agents of the United States, and the 23,000 banks, corporations and others authorized to issue savings bonds and the 23,000 banks and other financial institutions authorized to pay Series E savings bonds;
- (4) Prescribes the specifications for and orders, stores and distributes securities;
- (5) Establishes records of the registration of registered securities, maintains and services individual accounts with the owners of securities on which interest is paid by check, and authorizes the issuance of interest checks;

December 5, 1960

Fiscal Service
Bureau of the Public Debt

-4-

- (6) Processes claims on account of securities which have been lost, stolen, mutilated or destroyed;
- (7) Audits retired securities and interest coupons, records the serial numbers of all retired securities and retains custody of registered securities or microfilm copies thereof;
- (8) Maintains accounting control over public debt financial transactions, public debt and agency security transactions and accountability, and interest cost;
- (9) Prepares statements of the public debt for publication in the Daily Statement of the United States Treasury and for internal Treasury use; and
- (10) Supervises the destruction of security materials in the Treasury Department, including securities, currency and the paper and plates used in their manufacture.

Generally speaking, the present authority for performing the functions of the Bureau is based upon the reorganization plans and the acts of Congress authorizing them, orders of the Secretary of the Treasury issued pursuant thereto and regulations issued under various sections of the Second Liberty Bond Act, as amended, dealing with various classes of securities. The principal statutes are codified in Title 31 of the United States Code, Chapter 12 generally. The most noteworthy are Sections 752 (Treasury bonds), 753 (Treasury notes), 754 (Treasury bills and certificates of indebtedness), 754b(a) (which gives the Secretary more leeway to prescribe terms and conditions, etc., with respect to Treasury bonds, notes, bills and certificates of indebtedness than the original enactments), 757b (statutory debt limit), 757c (United States Savings Bonds), and 754a (broad statutory authority with respect to the purchase, redemption, or refunding at or before maturity of any outstanding public debt issues). Section 1037 of the Internal Revenue Code of 1954, as added by Public Law 86-346, September 22, 1959, which authorizes the Secretary of the Treasury to provide for "nontaxable" exchanges of securities issued under the Second Liberty Bond Act, as amended, is another important enactment to be considered in connection with the performance of the functions of the Bureau in the refunding of securities.

December 5, 1960